

SETTLEMENT AGREEMENT

This settlement agreement entered into this 20th day of January 2010, by and among Tri-County Water Conservancy District (Tri-County) and the City of Montrose, the City of Delta and the Town of Olathe (collectively “Municipalities”) as follows:

WHEREAS, Tri-County is a governmental entity, organized under the laws of the State of Colorado, with its principal place of business at Montrose, Colorado;

WHEREAS, the City of Montrose, Colorado, is a governmental entity, organized under the laws of the State of Colorado, with its principal place of business at City Hall, Montrose, Colorado;

WHEREAS, the City of Delta, Colorado, is a governmental entity, organized under the laws of the State of Colorado, with its principal place of business at City Hall, Delta, Colorado;

WHEREAS, the Town of Olathe, Colorado, is a governmental entity, organized under the laws of the State of Colorado, with its principal place of business at City Hall, Olathe, Colorado;

WHEREAS, Tri-County and the City of Montrose entered into a contract for Dallas Creek Project Water on September 23, 1977;

WHEREAS, Tri-County and the City of Delta entered into a contract for Dallas Creek Project Water on September 27, 1977;

WHEREAS, Tri-County and the Town of Olathe entered into a contract for Dallas Creek Project Water on September 29, 1977 (herein referred to collectively as the 1977 Contracts);

WHEREAS, certain issues have now arisen among the parties as to Paragraph 16 of the 1977 contracts; and

WHEREAS, the parties are desirous of resolving all issues as to Paragraph 16 and to do so in writing.

NOW, THEREFORE, in consideration of mutual covenants contained herein, the parties agree as follows:

1. Tri-County shall make payment to the following municipalities in the following amounts, in consideration for its past obligations under Paragraph 16 of the contract:

City of Montrose: \$ 81,300.00;

City of Delta: \$ 25,255.00; and

Town of Olathe: \$ 464.00.

Tri-County shall issues checks in the above amount to the above entities no later than January 29, 2010.

2. The parties acknowledge that Tri-County entered into an agreement with the Menoken Water Company (now Menoken Water District) on November 15, 1989, for Dallas Creek Project Water in the amount of 640 acre feet per year. The parties further acknowledge that Tri-County entered into an agreement with the Chipeta Water Company (now Chipeta Water District) on November 16, 1989, for Dallas Creek Project Water in the amount of 600 acre feet per year. The parties hereby agree that Tri-County owes no monies to the municipalities under Paragraph 16 arising out these contracts. Any new contracts with these entities which involve an allocation of water from Dallas Creek Project Water shall be subject to the terms of the 1977 Contracts.

3. Attached hereto and marked as Exhibits 1, 2, and 3 are contract modifications to the 1977 Contracts between Tri-County and the Municipalities. Approval of these contract modifications by the parties and approval by the United States of America is an express condition of this settlement agreement. The terms of the contract modifications shall constitute additional consideration for this agreement.

4. In consideration of the above promises, the parties hereto, on behalf of themselves, their successors and assigns hereby release each other from any and all obligation to pay monies under Paragraph 16 up and through the date of this agreement. This release is only as to the obligations to pay monies and does not otherwise affect the obligations of the parties under Paragraph 16 or other paragraphs of this agreement. This release includes a release of any and all claims for attorney's fees and costs. The parties represent that they have consulted with attorneys and other persons about this matter and are knowledgeable about their rights under the terms of the agreement. The parties represent that they are fully informed as to the nature and extent of their obligations, or damages herein. For the consideration herein, the parties assume the risk of the settlement underlying the execution of this document was made on the basis of mistake or mistakes, mutual or unilateral, including but not limited to mistakes regarding the nature or extent of the underlying losses or damages.

5. The below signed government officials, individually and on behalf of their respective governmental entity, hereby represent that they know the contents of this agreement and have had the opportunity to consult with attorneys or other persons of the governmental entity, as to the effect of this agreement. The representatives of the governmental entity shown below hereby represent that their signatures herein are validly done, and at the time of their signatures, were fully authorized by law and by the procedures of the governmental entity to so affix their signatures and bind the governmental entity and the governing body of the governmental entity.

DATED this 20th day of January 2010.

Tri-County Water Conservancy District
By President

City of Montrose
By Mayor

City of Delta
By Mayor

Town of Olathe
By Mayor